

CLERK US DISTRICT COURT
NORTHERN DIST. OF TX
FILED

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

UNITED STATES OF AMERICA

v.

LOTTIE K. JAMES (01)

DEPUTY CLERK - CM

CRIMINAL NO. 3:18-CR-

3-18CR-106-D

INDICTMENT

The Grand Jury Charges:

At all times material to this Indictment:

INTRODUCTION

1. Walmart Corporation (“Walmart”) was one of the largest discount retail companies in the United States, with corporate headquarters in Bentonville, Arkansas. Walmart owned and operated stores in the Northern District of Texas and throughout the United States, including stores in the Northern District of Texas located at 1900 West Moore Avenue, Terrell, Texas, designated Store No. 265; at 150 North Interstate 35 East, Lancaster, Texas, designated Store No. 471; and, at 200 US Highway 80 East, Mesquite, Texas, designated Store No. 789. At many of its locations, including Stores Nos. 265, 471, and 789, Walmart offered pre-paid debit cards for sale.

2. When a customer attempted to load or reload value onto a pre-paid debit card at a Walmart store, the Walmart point-of-sale system electronically transmitted information about the card and the transaction, including the value encoded on the card, to Walmart servers located in Bentonville, Arkansas, and Denver, Colorado.

3. The defendant, **Lottie K. James**, was employed by Walmart as an Associate from September 27, 2006, through February 20, 2007.

A. The Scheme and Artifice to Defraud

4. Beginning in or about May 2016 and continuing through in or about January 2017, in the Dallas Division of the Northern District of Texas, and elsewhere, the defendant, **Lottie K. James**, aided and abetted by others known and unknown, knowingly, and with intent to defraud, devised a scheme and artifice to obtain money and property of value by means of false and fraudulent pretenses and representations, and material omissions.

5. The object of the scheme was to unlawfully enrich **James** by:

- a. Knowingly exploiting a vulnerability in the Walmart point-of-sale system and by means of fraudulent and false representations and material omissions adding value to a pre-paid debit card that was not paid for; and,
- b. Converting the value falsely reflected on the pre-paid debit card to cash using ATMs and MoneyGram wire transfers.

B. Manner and Means of the Scheme

6. It was a part of the scheme and artifice to defraud that during the period beginning in or about April 2014, and continuing through in or about January 2017, in the Northern District of Texas, and elsewhere, **James**:

- a. Purchased and otherwise obtained pre-paid debit cards with minimal or no value from Walmart, other retail merchants, or unknown third parties;
- b. Paid third parties for their personal identifying information, and used that information to register the pre-paid debit cards online with the card issuers;

- c. Traveled to Walmart stores in the Dallas-Ft. Worth area and elsewhere, including Store No. 265, located at 1900 West Moore Avenue, Terrell, Texas; Store No. 471, located at 150 North Interstate 35 East, Lancaster, Texas; and Store No. 789; located at 200 US Highway 80 East, Mesquite, Texas, for the purpose of taking advantage of a known vulnerability in the Walmart point-of-sale system;
- d. At Walmart stores in the Dallas-Ft. Worth area and elsewhere, including Store No. 265, located at 1900 West Moore Avenue, Terrell, Texas; Store No. 471, located at 150 North Interstate 35 East, Lancaster, Texas; and Store No. 789; located at 200 US Highway 80 East, Mesquite, Texas, conducted transactions that were intended to add and did add value to one or more pre-paid debit cards without paying or otherwise reimbursing Walmart for the value added to the card;
- e. Instructed or otherwise convinced a Walmart associate to enter information into the point-of-sale system that had the result of adding the specified value to the card, knowing that the transaction should not have been approved because she had not paid, and had no intention of paying, Walmart or any other party for the value added to the card;
- f. Went to ATMs in the Dallas-Ft. Worth area and elsewhere and withdrew as cash all or some of the value on the pre-paid debit card, or used the value on the card to send cash to a trusted relative or friend by MoneyGram.

Counts One through Seven
Wire Fraud
(Violation of 18 U.S.C. § 1343)

7. The Grand Jury hereby adopts, realleges and incorporates by reference herein all of the allegations set forth in Paragraphs 1-6 of this indictment.

8. On or about each of the dates set forth below, in the Dallas Division of the Northern District of Texas, and elsewhere, defendant **Lottie K. James**, for the purpose of executing and carrying out the aforesaid scheme and artifice to defraud, and for obtaining money and property by means of false material and fraudulent pretenses, representations, and promises, did knowingly, and with intent to defraud, cause to be transmitted in interstate commerce by means of wire and radio communication, certain writings, signs, signals and sounds constituting instructions to add value to a pre-paid debit card in the amounts indicated, originating from the specified Walmart stores to a computer owned and/or operated by Walmart and located in Bentonville, Arkansas, or Denver Colorado, each transaction constituting a separate count of this indictment:

Count No.	Transaction Date/ Time (CST)	Walmart Store No./ Address	Card Value
1	May 5, 2015 7:14 p.m.	Store No. 471 150 North Interstate 35 East, Lancaster, Texas	\$1,000.00
2	May 7, 2015 2:57 p.m.	Store No. 471 150 North Interstate 35 East, Lancaster, Texas	\$1,000.00
3	June 30, 2015 8:56 a.m.	Store No. 265 1900 West Moore Avenue, Terrell, Texas	\$1,000.00
4	July 9, 2016 11:28 a.m.	Store No. 789 200 US Highway 80 East, Mesquite, Texas	\$500.00
5	July 9, 2016 11:29 a.m.	Store No. 789 200 US Highway 80 East, Mesquite, Texas	\$500.00
6	July 17, 2016 11:30 p.m.	Store No. 789 200 US Highway 80 East, Mesquite, Texas	\$500.00
7	July 17, 2016 11:56 p.m.	Store No. 789 200 US Highway 80 East, Mesquite, Texas	\$500.00

Each Count in violation of 18 U.S.C. § 1343.

Forfeiture Notice
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

Upon conviction for any of the offenses alleged in Counts One through Seven of the Indictment and pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), the defendant shall forfeit to the United States of America any and all property, real or personal, which constitutes or is derived from proceeds traceable to the respective offense.

A TRUE BILL:



FOREPERSON

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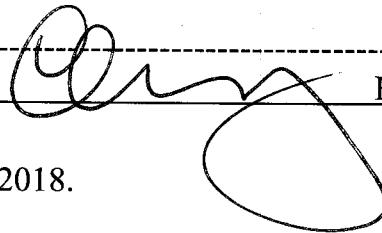
INDICTMENT

18 U.S.C. § 1343
Wire Fraud

7 Counts

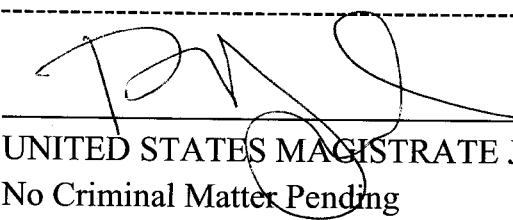
A true bill rendered

DALLAS

 FOREPERSON

Filed in open court this 21st day of February, 2018.

Warrant to be Issued


UNITED STATES MAGISTRATE JUDGE
No Criminal Matter Pending